

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING CALLED BY )  
THE OIL CONSERVATION DIVISION FOR THE )  
PURPOSE OF CONSIDERING: )

CASE NO. 12,736

APPLICATION OF KUKUI OPERATING COMPANY )  
FOR AN UNORTHODOX GAS WELL LOCATION, )  
EDDY COUNTY, NEW MEXICO )

ORIGINAL

REPORTER'S TRANSCRIPT OF PROCEEDINGS

EXAMINER HEARING

BEFORE: MICHAEL E. STOGNER, Hearing Examiner

November 15th, 2001

Santa Fe, New Mexico

This matter came on for hearing before the New Mexico Oil Conservation Division, MICHAEL E. STOGNER, Hearing Examiner, on Thursday, November 15th, 2001, at the New Mexico Energy, Minerals and Natural Resources Department, 1220 South Saint Francis Drive, Room 102, Santa Fe, New Mexico, Steven T. Brenner, Certified Court Reporter No. 7 for the State of New Mexico.

\* \* \*

STEVEN T. BRENNER, CCR  
(505) 989-9317

OIL CONSERVATION DIVISION  
01 DEC -4 AM 9:57

## I N D E X

November 15th, 2001  
Examiner Hearing  
CASE NO. 12,736

PAGE

REPORTER'S CERTIFICATE

5

\* \* \*

## A P P E A R A N C E S

FOR THE DIVISION:

DAVID K. BROOKS  
Attorney at Law  
Energy, Minerals and Natural Resources Department  
Assistant General Counsel  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

FOR THE APPLICANT:

HOLLAND & HART, L.L.P., and CAMPBELL & CARR  
110 N. Guadalupe, Suite 1  
P.O. Box 2208  
Santa Fe, New Mexico 87504-2208  
By: WILLIAM F. CARR

\* \* \*

1           WHEREUPON, the following proceedings were had at  
2   8:27 a.m.:

3           EXAMINER STOGNER: Okay, at this time I'm going  
4   to call Case Number 12,736, which is the Application of  
5   KUKUI Operating Company for an unorthodox gas well  
6   location, Eddy County, New Mexico.

7           I'll call for appearances.

8           MR. CARR: May it please the Examiner, my name is  
9   William F. Carr with the Santa Fe office of Holland and  
10   Hart, L.L.P. We represent KUKUI Operating Company in this  
11   matter, and I have a brief statement.

12          EXAMINER STOGNER: Any other appearances?

13          Please continue, Mr. Carr.

14          MR. CARR: Mr. Stogner, the Application of KUKUI  
15   was filed in August of this year seeking an unorthodox  
16   location for its Goodnight "35" Federal Well Number 3. The  
17   location was required because of its proximity to the  
18   potash mines in Eddy County.

19          An objection to that Application was filed by  
20   Devon and later joined in by Kaiser-Francis. Following --  
21   and because of those objections, the matter was set for  
22   hearing.

23          Following notice that the matter was going to  
24   hearing, KUKUI, Devon and Kaiser-Francis, through Mr.  
25   Kellahin and I, were able to reach a voluntary agreement by

1 which they withdrew their objection to the location in  
2 exchange for a 33-percent production penalty on the well.

3 We've provided copies of that agreement to the  
4 Division and requested that the unorthodox location be  
5 approved administratively. And that has been done, and so  
6 we request that the Application of KUKUI Operating Company  
7 in Case 12,736 be dismissed.

8 EXAMINER STOGNER: Anything further in Case  
9 12,736?

10 Then this case will be dismissed at this time.

11 Please note also that that administrative order  
12 in this matter was NSL-4658, which was issued November the  
13 2nd of 2001, and that order was also cc'd to Mr. Kellahin  
14 who, as I understand, is legal counsel for Devon and  
15 Kaiser-Francis.

16 Again, 12,736 is dismissed.

17 (Thereupon, these proceedings were concluded at  
18 8:29 a.m.)

19 \* \* \*

20 I hereby certify that the foregoing  
21 is a true and correct record of the proceedings in  
22 the examiner hearing of Case No. 12736  
23 heard by me on 13 Nov. 2001

24  Examiner  
25 Oil Conservation Division

## CERTIFICATE OF REPORTER

STATE OF NEW MEXICO    )  
                                  )   ss.  
COUNTY OF SANTA FE    )

I, Steven T. Brenner, Certified Court Reporter and Notary Public, HEREBY CERTIFY that the foregoing transcript of proceedings before the Oil Conservation Division was reported by me; that I transcribed my notes; and that the foregoing is a true and accurate record of the proceedings.

I FURTHER CERTIFY that I am not a relative or employee of any of the parties or attorneys involved in this matter and that I have no personal interest in the final disposition of this matter.

WITNESS MY HAND AND SEAL November 26th, 2001.



STEVEN T. BRENNER  
CCR No. 7

My commission expires: October 14, 2002